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April 29, 2002

VIA HAND DELIVERY

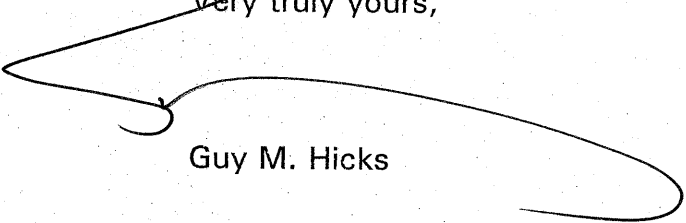
Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: *Generic Docket to Establish UNE Prices for Line Sharing per FCC 99-355 and Riser Cable and Terminating Wire as Ordered in TRA Docket No. 98-00123*
Docket No. 00-00544

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth's Opposition to Covad's Petition for Clarification. Copies of the enclosed are being provided to counsel of record.

Very truly yours,



Guy M. Hicks

GMH/jej

Enclosure

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee**

In Re: *Generic Docket to Establish UNE Prices for Line Sharing per FCC
99-355 and Riser Cable and Terminating Wire as Ordered in
TRA Docket No. 98-00123*

Docket No. 00-00544

**BELLSOUTH'S OPPOSITION TO
COVAD'S PETITION FOR CLARIFICATION**

BellSouth Telecommunications, Inc. ("BellSouth") submits this opposition to the Petition for Clarification filed by DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad"). For the reasons set forth below, the Authority should deny Covad's Petition.

In the First Initial Order dated April 3, 2002 ("Initial Order"), the Authority addressed numerous cost methodology and process issues in its consideration of BellSouth's cost studies. For example, the Authority adjusted certain work times and other assumptions that BellSouth had incorporated in its cost studies for the various elements. The Authority ordered BellSouth to re-file its cost studies by May 3, 2002 using the assumptions and modifications set forth in the Initial Order. With few exceptions, the Authority did not specifically adopt permanent rates for the elements at issue in this proceeding.

Thus, while Covad correctly observes that the Authority did not include a non-recurring rate for Element J.4.3 (Line Sharing Splitter – Per Line Activation – Central Office) in the Initial Order, that observation is also true as to the majority of

elements. Therefore, Covad's request that the Authority adopt a non-recurring rate of \$18.18 for Element J.4.3 cannot be based on any concern that the Authority somehow overlooked that element. Instead, Covad is apparently asking the Authority to establish a permanent non-recurring rate for Element J.4.3 based on its presentation of information outside the record of this proceeding. That request is improper and should be rejected.

BellSouth will be submitting revised cost studies in accordance with the Initial Order. Those revised cost studies will address many, but not all, of the elements that are at issue in this proceeding. The Authority will thereafter establish permanent rates for the elements based on those revised studies. The modifications ordered by the Authority do not, however, impact all of the elements. For the other elements with respect to which no modifications have been ordered, the Authority should adopt permanent rates based on BellSouth's initial cost studies.

Element J.4.3 is one of the elements for which no modifications have been ordered. Therefore, in accordance with the Initial Order, the Authority should adopt BellSouth proposed non-recurring rate of \$39.39 for Element J.4.3. The Authority reviewed all of the assumptions in BellSouth's cost studies and modified certain of those assumptions. Assumptions that were not modified should be considered approved by the Authority. Thus, to the extent the Initial Order does not modify any assumption that underlies the non-recurring rate for Element J.4.3, that rate should be approved by the Authority as the permanent rate. The

Authority should reject Covad's suggestion that a single element (J.4.3) be carved out of this process based on Covad's presentation of information regarding that element from generic cost proceedings in other states.

Moreover, the information presented in Covad's Petition is incomplete and incorrect. The non-recurring rates for J.4.3 listed in Covad's petition range from \$10.51 in Georgia to \$40.00 in North Carolina. However, the rate Covad listed for North Carolina is incorrect. The rate of \$40.00 is a rate that was proposed by BellSouth as a negotiated rate. But, the North Carolina Utilities Commission ordered an interim rate of \$56.92 on August 9, 2000. The \$56.92 was included in a BellSouth compliance filing made on August 3, 2000. Based on further proceedings in Docket P-100, Sub 133d, BellSouth more recently made a compliance filing that included a rate of \$54.71 for Element J.4.3. That rate (\$54.71) is expected to be the permanent nonrecurring rate for J.4.3 in North Carolina unless and until that rate is modified as a result of further proceedings in North Carolina.¹

In addition, the \$10.51 rate attributed to Georgia is merely an interim rate adopted by the Georgia Public Service Commission in Docket No. 11900-U dated June 11, 2001. The Georgia Commission ruled:

¹ Covad states in footnote 7 (on page 2 of its Petition) that the \$40 will be reconsidered later this year. As noted above, the \$40 rate is not accurate. Moreover, there is no "reconsideration" pending in North Carolina. To the contrary, the NCUC has initiated a new generic cost docket to begin later this year. In that docket, BellSouth will file costs studies for all UNEs, except collocation, based on updated data and a time-frame of 2002-2004.

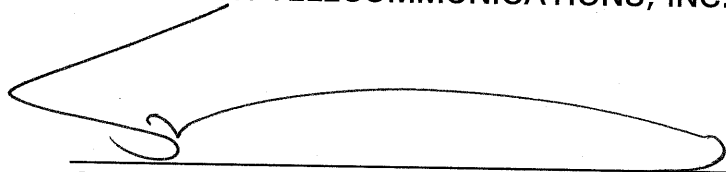
. . . the Commission adopts the Data Coalition proposed nonrecurring and recurring rates for line sharing as interim rates until permanent rates are set in the upcoming cost docket.

Order page 9. Proceedings to establish a permanent rate for Element J.4.3 (and other elements) are underway in Georgia. Indeed, on February 19, 2002, BellSouth filed a proposed non-recurring rate for J.4.3 of \$39.84 in the Docket No.14361-U.

In sum, while Covad has attempted to portray BellSouth's proposed non-recurring rate of \$39.39 for Element J.4.3 as out-of-step with rates for that element in other states, the fact is that the rate proposed in Tennessee compares favorably with the rates proposed and adopted in other states. In any event, the Authority should base its decisions in this docket on the evidence presented herein, not on the rates adopted in other states. Covad's Petition should be denied.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

A handwritten signature in black ink, appearing to read "Guy M. Hicks", is written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that on April 29, 2002, a copy of the foregoing document was served on the parties of record, via the method indicated:

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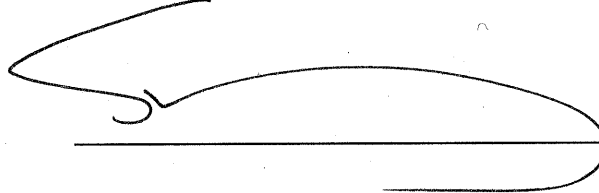
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A handwritten signature in black ink, consisting of a large, stylized 'W' followed by a horizontal line that curves upwards at the end.